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C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 001094

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STATE FOR T, WHA AND PM. OSD FOR USD AT&L

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TAGS: [PREL](#) [MASS](#) [BR](#)

SUBJECT: BRAZIL FIGHTER COMPETITION: UNDER SECRETARIES,  
VISIT BUILDS MOMENTUM FOR BOEING

REF: A. BRASILIA 795

[B](#). BRASILIA 659

[C](#). BRASILIA 34

Classified By: Charge d'Affaires Lisa Kubiske. Reason: 1.4(d)

[1](#)1. (C) SUMMARY. At the same time that National Security Advisor Jones highlighted the importance of U.S.-Brazil partnership (reported septel), Under Secretary of State for International Security and Arms Control Ellen Tauscher and Under Secretary of Defense for Acquisition, Technology and Logistics Ashton Carter held extensive meetings August 4-6 with Brazilian leadership, including the ministers of Defense and External Relations, the President's Foreign Policy Advisor, and the Air Force commander, in support of the U.S. bid to provide Brazil's next generation fighter aircraft. U/S Tauscher provided a letter from Secretary Clinton to her Brazilian counterparts assuring them of State Department support. As noted in ref a and other cables, Brazil has long been concerned about U.S. willingness to transfer technology. The visit of the two USG officials responsible for technology release came at an opportune time as the GOB prepares for a final decision. As a result, Brazilian Air Force Chief Saito announced that the decision would be delayed into mid-September, a key date as French President Sarkozy plans to visit Brazil September 7, when conventional wisdom expected a decision in favor of the French aircraft as a deliverable. While the Under Secretaries, visit has increased momentum in favor of the Boeing Super Hornet, there is still considerable political support for the French, and a major lobbying effort associated with the Sarkozy visit is expected. Getting the F18 across the finish line will require continued USG efforts. Post recommends additional high level approaches to key Brazilian decision makers -- including President Lula -- and preparing a public affairs strategy to counter possible misinformation as the decision approaches. END SUMMARY.

[1](#)2. (C) According to Brazilian contacts, the July 9 discussion between Presidents Obama and Lula on Brazil's fighter purchase energized the U.S. bid. While Brazil had previously been skeptical about U.S. support for transfer of technology, the President's assurance opened the door for the USG to make its case. While NSA Jones provided much of the big picture vision of a U.S.-Brazil partnership, Under Secretaries Tauscher and Carter took on the task of making the case for Boeing's bid. U/S Tauscher's role was vital as it was the first time that Brazilian officials who will be making the decision of which plane to buy heard from a senior State Department official that the USG had approved the necessary transfer of technology (see ref b for discussion of

Brazil doubts about State).

13. (C) In their meetings with Brazilian leaders, Tauscher and Carter,s message was consistent: the U.S. is interested in a partnership with Brazil. The fighter sale is only one aspect of this, although greater interoperability resulting from the use of U.S. fighters will advance cooperation. Tauscher made the point that the United States prizes its relationship with Brazil, as evidenced by the unprecedented nature of some of the decisions in relation to the Super Hornet, in particular the authorization to integrate Brazilian manufactured weapons. As the official ultimately responsible for export controls, Tauscher said that future decisions regarding Brazil would receive careful consideration in terms of how to help a friendly government. Regarding the U.S. decision to deny retransfer of USML controlled parts of Brazilian Super Tucano aircraft to Venezuela, she pointed out that the decision had been made by the previous administration to deny aircraft to Venezuela, but without consideration of its effect on Brazil. She stated that future decisions regarding Brazil would take Brazil,s interests more into account and would include consultations with the GOB as appropriate. Tauscher noted that national security and economic security are inseparable and a deal between Boeing and Brazil would not only improve Brazil,s security but would entail important economic benefits. The Super Hornet, she said, is the best multi-role fighter in the world and meets or exceeds Brazil,s requirements while providing a sound basis for the key U.S.-Brazil partnership.

14. (C) USD/ATL Carter highlighted the growing closeness of  
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the U.S. and Brazilian defense industries. As industry becomes more interdependent, such partnerships bring added benefits to all sides. Noting that Brazil,s defense strategy (ref c) linked defense modernization to national development, Carter said that partnership with the U.S. would help Brazil achieve its strategic goals. Carter told the Brazilians that he had chaired the committee making key tech release decisions. Because Brazil was a friendly country, with a well-developed aviation sector and a good record of technology security, there was no reason not to approve transfers to Brazil. Boeing was offering a large workshare in the project that would create an opportunity for Brazil to participate in ongoing F18 development, sustaining jobs for Brazilian industry over the life cycle of the aircraft. Finally, Carter noted that tech transfers to Brazil would grow easier with time and experience.

15. (C) Defense Minister Jobim said that the information provided by the Tauscher/Carter team was important and merited careful review while repeating his view (see ref a) that tech transfer would be the key for a Brazilian decision. Jobim told Tauscher privately that he believed Boeing should have &first refusal on the sale and that he viewed the U.S. as Brazil,s &main partner.8 He also cautioned that the final decision would be made by President Lula and that he did not know what Lula,s position would be, a point he underlined in an August 7 conversation with Ambassador Sobel.

16. (C) Air Force Chief Saito called the high-level assurances on tech transfer &music to my ears.8 His objective in the competition is to position the Brazilian Air Force (and Brazil aviation industry) for a &technological leap.8 Saito praised President Obama,s efforts with President Lula to provide assurance of USG support. He also laid down a marker that Brazil expected that a significant amount of the work of integrating Brazilian weapons on the FX2 would be done in Brazil, a requirement that will create practical difficulties for any manufacturer. EMBASSY COMMENT: Saito is a former fighter pilot, and it is increasingly clear that he will favor the most capable aircraft -- the Super Hornet. END COMMENT.

17. (C) During the meeting with Foreign Minister Celso

Amorim, U/S Tauscher hand-delivered a letter from the Secretary assuring that State had approved all necessary technology transfer in furtherance of the proposed sale. In response to Amorim's concern about the ban on Brazilian re-sale of Super Tucanos, she assured him that there was no ban, that the previous administration had made a gaffe in not considering Brazil's interests when denying the sale to Venezuela, and that in the future such decisions would be made on a case-by-case basis with an eye toward its significance to our growing bilateral partnership. U/S Tauscher also met with Embraer President Frederico Currado and briefed him about the Secretary's letter and the USG commitment to meeting all Brazilian tech transfer requirements. Currado was clear that he believed a partnership with Boeing was in Embraer's interests and would carry significant long-term benefits for the company. Brazilian Senator Heraclito Fortes, a supporter of Boeing's bid and the second in the Senate leadership, also believed that USG assurances of tech transfers would be important but refused to speculate on Boeing's chances for the final decision, noting that there was little confidence in the United States among President Lula's advisors.

18. (SBU) U/S Tauscher's visit received strongly positive coverage in the Brazilian media. A feature story in Estado Sao Paulo August 6 highlighted the importance of the U.S.-Brazil partnership and the Secretary's assurances on tech transfer. These points were picked up by a number of other news outlets, although the coverage was somewhat eclipsed by reporting on the supposed U.S. bases in Columbia. There remains strong interest from the media in seeing the text of the Secretary's letter. At the same time, we are seeing the beginnings of a counter attack from Boeing's competitors in the press on two fronts: first that the Super Hornet, although highly capable, would be too expensive, and second that, because the F18 is currently operational, its technology is frozen, not leaving Brazil an opportunity to participate in technological development.

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COMMENT:

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19. (C) The combination of the President's intervention with Lula, the Secretary's letter and the visit of Under Secretaries Tauscher and Carter has created a strong momentum in favor of the Super Hornet. As noted by MOD Jobim, however, the final decision will be political and will be made by President Lula, probably in September. With a Swedish lobbying team subsequently visiting and the early September Sarkozy visit on the horizon, further USG efforts will be needed for a successful conclusion. Post recommends continued high-level approaches to Saito, Jobim and Lula to underline the Tauscher/Carter message on the importance of our partnership and the mutual benefits of a fighter sale. This message could be reinforced from the White House as appropriate. We should also be prepared to see our commitment to tech transfer questioned. Folha de Sao Paulo has already printed an op-ed (probably inspired by the MRE) suggesting that despite the Secretary's letter, the State Department may block technology transfer. On August 12, Valor Economico quoted the text of the Secretary's letter and its categorical support for the transfer. Despite this helpful development, the USG will need to be able to respond to doubts as to the Secretary's sincerity. Post will also continue to brief Brazilian leaders as appropriate on the USG approval of technology transfer. Boeing leaders reinforced this message during their August 12-13 visit to Brasilia.

10. (U) Under Secretaries Tauscher and Carter have cleared this message.

KUBISKE